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SUBJECT: Haiti: Inflation Jumps in April

1. According to figures from the Haitian Statistical Institute, overall inflation for April 2005 was 2.37 percent (a yearly rate of 32.5 percent), over twice that of last month's 0.92 percent (yearly 11.6 percent) rate. Year-to-year inflation stands at 12.8 percent.

2. Much of April's rise was due to increases in the price of transportation, up 5.32 percent in April (a yearly rate of 86.3 percent). Politically sensitive food prices rose as well, up 2.98 percent in April (a yearly rate of 42.2 percent). Specifically, staples were up including dry beans (11.47 percent), chicken (3.69 percent), powdered milk (3.13 percent), fresh fish (2.86 percent), and plantains (2.49 percent).

3. COMMENT: Transportation price rises were due mostly to global rises in the price of oil, which reverberates down to all other parts of the Haitian consumer basket as well. Exacerbating the situation for food prices was the lack of rain earlier in the year and lower imports due to violence around the port area. Despite the spike in April, yearly inflation is still well below that of 2003 (40 percent) and 2004 (20 percent). If no further shocks occur, the IMF and IGOH target of 12.0 percent by the end of the fiscal year on September 30 is still attainable. END COMMENT.